



Department of Justice

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LONG ISLAND DEFENSE CONTRACTOR EMPLOYEE PLEADS GUILTY TO BID RIGGING AND CONSPIRACY TO COMMIT WIRE FRAUD

WASHINGTON — A former employee of a Long Island, N.Y., defense contractor pleaded guilty to participating in a conspiracy to rig bids on military contracts for Navy straps that are used to secure munitions and other supplies, the Department of Justice announced today. Navy straps are a type of tiedown equipment used by the U.S. Navy to secure munitions and other supplies for transportation on ships and airplanes.

Ransom Soper III, a former employee at Peck & Hale, LLC located in West Sayville, N.Y., pleaded guilty in the U.S. District Court in Islip, N.Y., to one charge of bid rigging and one charge of conspiring to commit wire fraud. Under the plea agreement, which is subject to court approval, Soper has agreed to cooperate with the Department's ongoing investigation. Soper's sentence will be determined by the court.

Soper participated in the bid-rigging conspiracy from January 2002 through December 2004. Soper and his co-conspirators agreed not to compete on contracts for Navy straps sold to the U.S. Department of Defense (DOD). In addition, Soper participated in a conspiracy to commit wire fraud and deprive Peck & Hale of its right to honest services of its employees from May 2002 through January 2005. As part of this scheme, Soper and a co-conspirator were paid more than \$140,000 in kickbacks in exchange for selecting a third co-conspirator's company as Peck & Hale's exclusive West Coast distributor.

"Those who rig bids for military contracts defraud the United States and deny the American public the benefits afforded by a competitive bidding process," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "These charges serve as a reminder that we will vigorously prosecute such conduct."

Soper is charged with carrying out the conspiracy with co-conspirators by:

- Engaging in discussions regarding the sale of Navy straps to DOD;
- Agreeing during those discussions not to compete on certain DOD contracts by not submitting prices or bids on those contracts;
- Submitting bids in accordance with the agreements reached;

- Selling Navy straps to DOD under those agreements at collusive and non-competitive prices; and
- Accepting payments for Navy straps sold at collusive and noncompetitive prices.

Soper is charged with bid rigging in violation of the Sherman Act, which carries a maximum sentence of 10 years imprisonment and a fine of \$1 million for individuals. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's case is the seventh case to arise from an ongoing investigation into the military restraints industry and Soper is the second Peck & Hale employee to plead guilty to bid-rigging charges this year. In March 2008, Peck & Hale pleaded guilty to two counts of bid-rigging and agreed to pay a \$275,000 fine. In July 2007, Robert Fischetti, former sales director of Peck & Hale, pleaded guilty to two counts of bid-rigging and to one count of soliciting and accepting a kickback in connection with one or more sub-contracts to paint, silkscreen, or otherwise finish various parts manufactured and sold to DOD. Additionally, one company and three other individuals have pleaded guilty to criminal charges as a result of the same investigation. In November 2007, Certified Slings & Supply Inc. pleaded guilty to one count of bid-rigging. In September 2007, Roger Jacobi, the president of Jacobi Industries, pleaded guilty to one count of bid-rigging. In February 2007, two Pennsylvania executives of Total Industrial & Packaging Inc., Thomas Cunningham and Richard Barko, pleaded guilty to rigging bids on U.S. Navy contracts for metal sling hoist assemblies.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section and the DOD's Defense Criminal Investigative Service.

Today's charges are an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative announced in October 2006 is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

Anyone with information concerning bid rigging, kickbacks, fraud or other anti-competitive conduct regarding military tiedown equipment or cargo securing systems is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the Long Island Office of the Defense Criminal Investigative Service at 631-420-4302.

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